

FY 2005-06 BUDGET

BUDGET SECTION SUMMARY

Section Title:

SONOMA VALLEY COUNTY SANITATION DISTRICT

A. Program Description

This budget finances operation, maintenance, and administration of a collection system, pumping stations, a treatment plant, and disposal facilities which serve the Sonoma Valley County Sanitation District (Sonoma Valley CSD). The District includes the City of Sonoma, as well as the communities of Boyes Hot Springs, Agua Caliente, El Verano and Glen Ellen. The Sonoma Developmental Center is outside the District, but is served by agreement.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 04-05 Adopted	FY 05-06 Requested	Percent Change	FY 04-05 Adopted	FY 05-06 Requested	Percent Change
Operations	\$10,085,139	\$10,146,428	0.61%	\$2,228,318	\$1,789,091	(19.71%)
Construction	9,652,300	8,934,000	(7.44%)	8,852,300	8,184,000	(7.55%)
Outfall Line	11,669	10,637	(8.84%)	(38,225)	(39,257)	2.70%
Glen Ellen Bonds	7,950	7,302	(8.15%)	(10,175)	(10,823)	6.37%
1998 Rev Bonds	912,158	887,734	(2.68%)	(567,135)	(617,500)	8.88%
TOTAL:	\$20,669,216	\$19,986,101	(3.30%)	\$10,465,083	\$9,305,511	(11.08%)

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 03-04 Actual	FY 04-05 Budget Estimate	FY 04-05 Revised Estimate	FY 05-06 Projected	Change from FY 04-05 Budget Estimate
TOTAL ESDs	16,465	16,881	16,672	16,870	(0.07%)
TOTAL APNs	10,960	10,996	11,150	11,163	1.52%

E. Summary of Issues and Significant Changes

The requested rate per ESD for FY 05-06 annual service charges is \$518, representing a 6.5% increase from FY 04-05. Annual sewer service charge revenue collected on the tax roll (adjusted for the anticipated number of ESDs and an estimated delinquency factor) is projected to be higher than the FY 04-05 budget. This revenue change is due to the fact that the annual service charges were increased for FY 05-06.

The Sonoma Valley CSD provides sewage collection, treatment, and disposal service to the Sonoma Valley area. Wastewater is collected by gravity system and flows to the Sonoma Valley CSD's wastewater treatment plant for processing. Recycled water is used to irrigate local crops during the summer and is discharged to San Pablo Bay via Schell Slough during the winter. The Sonoma Valley CSD's treatment plant is permitted to treat an average daily dry weather flow of up to 3.0 million gallons per day to secondary wastewater treatment standards. Waste Discharge Requirements, Order No. R2-2002-0046 (NPDES Permit No. CA0037800), was issued on March 20, 2002 by the California Regional Water Quality Control Board, San Francisco Bay Region (SFBRWQCB) for Sonoma Valley CSD's treatment plant.

In the past, the Sonoma Valley treatment plant experienced numerous operational difficulties due to high wet weather inflows, worn out and obsolete equipment, and insufficient storage and disposal capacity in the reclamation system. Because of significant capital improvements and operational changes, the District has been essentially violation free for the past two years.

Most of the District's collection system is several decades old. A 1994 study of the collection system showed that approximately 10 of the 120 miles of Sonoma Valley CSD's pipeline needs to be repaired or replaced due to deterioration or insufficient capacity. The Sonoma Valley CSD completed a wet weather overflow prevention study, which was in response to a Notice of Violation issued by the SFBRWQCB regarding sewer system overflows on April of 1999. The study identified areas within the Sonoma Valley CSD's collection system where repair and/or replacement projects are the most needed. A program to replace the District's collection system over a period of several decades is needed to ensure the reliability and safety of this infrastructure. It is estimated that this program could require on the order of \$2,000,000 per year to implement. The District is monitoring activities aimed at developing state and federal infrastructure replacement funding for systems such as Sonoma Valley CSD. Additionally, the District has been and will continue to increase rates over and above the rate of inflation to generate funds for replacing the collection system.

The requested rates should provide the funds necessary to operate and maintain the Sonoma Valley CSD's collection system, treatment plant, and reclamation system. As indicated above, the District has been increasing rates to generate funds needed for the replacement of aging infrastructure.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2005-06 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - OPERATIONS

Section/Index No: 653105

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$6,944,279	\$7,251,337	\$307,058	4.42%
1061 Flat Charges - PY	100,000	100,000	0	0.00%
1120 Penalties / Costs on Taxes	21,000	21,000	0	0.00%
Subtotal Taxes	\$7,065,279	\$7,372,337	\$307,058	4.35%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$45,000	\$75,000	\$30,000	66.67%
Subtotal Use of Money	\$45,000	\$75,000	\$30,000	66.67%
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$600,542	\$800,000	\$199,458	33.21%
3403 Indus. Users Mon/Dischg	10,000	10,000	0	0.00%
3404 Septic Charges	136,000	100,000	(36,000)	(26.47%)
Subtotal Charges for Services	\$746,542	\$910,000	\$163,458	21.90%
TOTAL REVENUES	\$7,856,821	\$8,357,337	\$500,516	6.37%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$15,000	\$15,000	\$0	0.00%
6180 Maintenance - Bldgs / Impr	350,000	300,000	(50,000)	(14.29%)
6262 Lab Supplies	25,000	30,000	5,000	20.00%
6521 County Services	5,500	25,000	19,500	354.55%
6522 District Services	3,400,000	3,550,000	150,000	4.41%
6570 Consultant Services	100,000	75,000	(25,000)	(25.00%)
6573 Administration Costs	69,000	65,000	(4,000)	(5.80%)
6610 Legal Services	100,000	100,000	0	0.00%
6630 Audit / Accounting Services	27,000	41,300	14,300	52.96%
7201 Gas / Oil	6,000	6,500	500	8.33%
7212 Chemicals	270,000	300,000	30,000	11.11%
7217 State Permits / Fees	100,000	100,000	0	0.00%
7247 Water Conservation	15,000	40,000	25,000	166.67%
7250 Reimbursable Projects	10,000	20,000	10,000	100.00%
7320 Utilities	690,000	650,000	(40,000)	(5.80%)
Subtotal Services and Supplies	\$5,182,500	\$5,317,800	\$135,300	2.61%

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
<u>OTHER CHARGES</u>				
7930 Interest - LT Debt	\$86,000	\$0	(\$86,000)	(100.00%)
7980 Depreciation	2,250,000	2,300,000	50,000	2.22%
8010 Contribution Non-Co Govt	137,952	81,000	(56,952)	(41.28%)
<i>Subtotal Other Charges</i>	<u>\$2,473,952</u>	<u>\$2,381,000</u>	<u>(\$92,952)</u>	<u>(3.76%)</u>
<u>FIXED ASSETS</u>				
8510 Buildings / Improvements	\$0	\$0	\$0	N/A
<i>Subtotal Fixed Assets</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>N/A</u>
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$2,228,687	\$2,247,628	\$18,941	0.85%
<i>Subtotal Other Financing Uses</i>	<u>\$2,228,687</u>	<u>\$2,247,628</u>	<u>\$18,941</u>	<u>0.85%</u>
<u>APPROPRIATIONS FOR CONT</u>				
9000 Approp for Contingencies	\$200,000	\$200,000	\$0	0.00%
<i>Subtotal Approp for Contingencies</i>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$0</u>	<u>0.00%</u>
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent-Principal	\$274,000	\$0	(\$274,000)	(100.00%)
9209 Ent-Principal - Clearing	(274,000)	0	274,000	(100.00%)
9203 SCWA Deposits	0	0	0	N/A
9207 SCWA Deposits - Clearing	0	0	0	N/A
9220 Contributed Capital	510,000	510,000	0	0.00%
9229 Contributed Capital-Clear	(510,000)	(510,000)	0	0.00%
<i>Subtotal Administrative Control</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>N/A</u>
<u>TOTAL EXPENDITURES</u>				
	<u>\$10,085,139</u>	<u>\$10,146,428</u>	<u>\$61,289</u>	<u>0.61%</u>
<u>TOTAL NET COST</u>				
<i>(Expenditures Minus Revenues)</i>	<u>\$2,228,318</u>	<u>\$1,789,091</u>	<u>(\$439,227)</u>	<u>(19.71%)</u>

FY 2005-06 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Operations

Character Title: Taxes

Character No.: 653105-10

1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 04-05 budget. The rate will increase 6.5%, from \$486 to \$518.

ESDs times annual rate:	14,582 x \$518	\$7,553,476
Less Estimated Delinquency Factor:	4%	<u>(302,139)</u>
		\$7,251,337

(See SubObject 3400 for Total ESDs)

1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 653105-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$3,000,000
Projected Interest Rate	<u>2.50%</u>
Projected Interest on Pooled Cash	\$75,000

Character Title: Charges for Services

Character No.: 653105-30

3400 Sanitation Services

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year. This figure is based on historical revenue.

3403 Industrial Users Monitoring/Discharge

This account records revenue associated with the Industrial Users Monitoring Program or revenue received from any industrial user for events such as an unauthorized (or specially authorized) discharge into the treatment plant. The budgeted amount is expected to offset monitoring expenses anticipated to be incurred primarily by the Agency's Environmental Compliance Inspector (see Sub-object 7250, Reimbursable Projects).

3404 Septic Disposal Fee

This account records the revenue to the district for septic haulers using the treatment plant facilities to dispose of septic waste.

6040 Communications

This account records expenses paid by the District for outside communication and wireless services

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required to maintain the collection system and treatment facilities.

6262 Lab Supplies

This account records the cost of lab supplies required for testing and monitoring wastewater.

6521 County Services

This item represents an estimate from the Auditor's office for the expense for the audit of the previous fiscal year as well as the Recorder's office for the expense of agenda services for FY 05-06.

6522 District Services

This account records the cost of labor and overhead required for operation and maintenance of the District's facilities and equipment, as well as other related service and supply type items. The increase in the requested budget more accurately reflects actual expenses in this account.

6570 Consultant Services

This account records the costs of services provided by outside consultants.

6573 Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item covers the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6630 Audit / Accounting Services

This item records the direct allocation of Auditor-Controller Fiscal Services staff costs for time expected to be spent on District accounting.

7201 Gas/Oil

This item reflects the costs of gas and oil.

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant in accordance with the District's NPDES permit (as required by the State Water Quality Control Board).

7217 State Permits / Fees

This account records the cost of obtaining the District's permits related to NPDES, as mandated by the Regional Water Quality Control Board.

7247 Water Conservation Program

This account records all expenses of the water conservation program, including labor, overhead, and direct service/supply costs to administer the program. Similar costs for administering and implementing the water education program are also included in this account.

Character Title: Services and Supplies (Continued)

Character No.: 653105-60

7250 Reimbursable Projects

This account records any expenses that are expected to be covered by reimbursement. The budget request is based on projected expenses associated with the Environmental Compliance Inspector and the program for monitoring industrial users.

7320 Utilities

This account records the cost of payments made for utilities such as gas, electricity and water.

Character Title: Other Charges

Character No.: 653105-75

7930 Interest - LTD Debt

This account reflects the interest expense for State Resource Control Board Revolving Fund Loan.

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year. The amount requested covers depreciation for all assets of the Sonoma Valley CSD, which now includes those assets previously recorded under Glen Ellen - CSA No. 41.

8010 Contribution Non-Co Govt

This account represents funding, with the Economic Development Board, for Outreach effort.

Character Title: Fixed Assets

Character No.: 653105-85

8510 Buildings/Improvements

This account is used for maintenance of facilities & equipment.

Character Title: Other Financing Uses

Character No.: 653105-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Outfall Line Fund and the 1998 Revenue Bond Fund to cover principal and interest payments, as well as to the Construction Fund to finance the Capital Replacement Program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer to the Construction Fund will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Transfer to:

Outfall Line Fund	\$ 49,894
1998 Revenue Bond Fund	1,497,734
Construction Fund	700,000
Total Operating Transfer	<u>\$ 2,247,628</u>

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

9200 Ent - Principal

This account reflects the principal expense for the State Water Resource Control Board Revolving Fund Loan.

9209 Ent - Principal Clearing

This is the clearing account for subobject 9200, Ent-Principal.

9220 Contributed Capital

This account reflects \$70,000 for the Economic Development Board for the Water Conservation Program, \$40,000 for the Toilet Rebate Program and \$400,000 to complete retrofit of Sonoma Developmental Center Facilities to reduce the amount of wastewater discharged to the Sonoma Valley Treatment Plant.

9229 Contributed Capital - Clearing

This is the clearing account for sub-object 9220, Contributed Capital.

FY 2005-06 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sonoma Valley CSD - Operations
Index No.: 653105

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings Available for Budgeting (See Detailed Components Below)	\$1,920,090	\$3,187,110	\$3,352,861
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	8,420,228	7,999,181	8,357,337
Expenditures - (Decrease) retained earnings	(8,927,603)	(10,121,201)	(10,146,428)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(507,375)	(2,122,020)	(1,789,091)
Adjustments to Reserves/Encumbrances:			
7980 Depreciation	2,090,695	2,145,484	2,300,000
9200 Ent - Principal	-	-	-
Net Change in Encumbrance	7,410	-	-
Reclass PY Fixed Assets	(70)	-	-
Capitalized Interest	4,389	-	-
Change in Water Conservation Reserve	(328,029)	-	-
Prior Year Encumbrance	-	142,287	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	1,774,395	2,287,771	2,300,000
Undesignated/Unreserved <u>ENDING</u> Retained Earnings Available for Budgeting	\$3,187,110	\$3,352,861	\$3,863,770
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$1,267,020	\$165,751	\$510,909
<u>Retained Earnings Components at Beginning of FY</u>	7/1/03	7/1/04	

FY 2005-06 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - CONSTRUCTION

Section/Index No: 653303

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$100,000	\$50,000	(\$50,000)	(50.00%)
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Subtotal Use of Money	\$100,000	\$50,000	(\$50,000)	(50.00%)
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ADMINISTRATIVE CONTROL ACCOUNT

4200 ENT - LTD Proceeds	\$5,155,000	\$5,576,000	\$421,000	8.17%
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4209 ENT - LTD Proceeds - Clearing	(5,155,000)	(5,576,000)	(421,000)	8.17%
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Subtotal Administrative Control	\$0	\$0	\$0	N/A
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OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$700,000	\$700,000	\$0	0.00%
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Subtotal Other Financing Sources	\$700,000	\$700,000	\$0	0.00%
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TOTAL REVENUES	\$800,000	\$750,000	(\$50,000)	(6.25%)
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EXPENDITURES:

FIXED ASSETS

8510 Building / Improvement	\$7,029,500	\$6,459,000	(\$570,500)	(8.12%)
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9142 Capital Replacement Program	2,600,000	2,475,000	(125,000)	(4.81%)
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9143 Corrective Work	22,800	0	(22,800)	(100.00%)
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Subtotal Fixed Assets	\$9,652,300	\$8,934,000	(\$718,300)	(7.44%)
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TOTAL EXPENDITURES	\$9,652,300	\$8,934,000	(\$718,300)	(7.44%)
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TOTAL NET COST	\$8,852,300	\$8,184,000	(\$668,300)	(7.55%)
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(Expenditures Minus Revenues)

FY 2005-06 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Construction

Character Title: Use of Money

Character No.: 653303-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$2,000,000
Projected Interest Rate	<u>2.50%</u>
Projected/Planned Interest on Pooled Cash	\$50,000

Character Title: Administrative Control Account

Character No.: 652305-42

4200 ENT - LTD Proceeds

This account will record the receipt of proceeds from a proposed \$5.5 million loan from the State Revolving Loan Fund to finance the tertiary plant upgrade.

4209 ENT - LTD Proceeds - Clearing

This is the clearing account for sub-object 4200.

Character Title: Other Financing Sources

Character No.: 653303-46

4625 OT - w/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to finance the Capital Replacement Program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character Title: Fixed Assets

Character No.: 653303-85

8510 Buildings / Improvements

This account can be used to provide capacity to new users pursuant to the County General Plan (using connection fee revenue), as well as for treatment plant and reclamation system improvement projects.

The following projects are planned for the forthcoming year:

Building/Improvements	PCAS No.	Amount
Bio-Solids Handling Facility	4051	\$ 158,000
Manzoni Pipeline	4019	335,000
Recycled Water Feasibility Study	TBD	390,000
Tertiary Plant Upgrade	3734	<u>5,576,000</u>
Subtotal for Buildings / Improvements (Sub-object 8510)		\$ 6,459,000

9142 Capital Replacement Program

The funding requested in this account is for repair and replacement of the sewer collection system. Long-term replacement of existing facilities that are worn out and in disrepair will help to bring the facilities up to current sanitation standards and will extend the life of the sanitation infrastructure.

Main Sewer Trunk Repair (Broadway-TP)	3939	\$ <u>2,475,000</u>
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Subtotal for Capital Replacement Program (Sub-object 9142)	\$ 2,475,000
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9143 Corrective Work

For FY 05-06 there are no projects budgeted.

Grand Total - Character 85	\$ <u>8,934,000</u>
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FY 2005-06 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sonoma Valley CSD - Construction

Index No.: 653303

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$7,283,776	\$5,623,794	\$5,177,958
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	2,180,100	1,163,560	750,000
Expenditures - (Decrease) retained earnings	(2,960,730)	(3,989,212)	(8,934,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(780,630)	(2,825,652)	(8,184,000)
Adjustments to Reserves/Encumbrances:			
4220 Contributed Capital	-	-	-
4200 Ent-LTD Proceeds	-	-	5,576,000
Capitalized Interest	(244,955)	-	-
Change in Encumbrances	(634,397)	-	-
Prior Year Encumbrance	-	2,379,816	-
Net Adjustment - Increase/(Decrease) to Fund Balance	(879,352)	2,379,816	5,576,000
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$5,623,794	\$5,177,958	\$2,569,958
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$1,659,982)	(\$445,836)	(\$2,608,000)

<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/03</u>	<u>7/1/04</u>
Cash	\$9,349,170	\$8,116,938
Other Receivables	81,861	465,418
Accounts Payable	(377,006)	(475,427)
Contract Retention Payable	(24,830)	(103,319)
Encumbrances (PO)	-	-
Encumbrances (Contract)	(1,745,419)	(2,379,816)
Total Beginning Retained Earnings	\$7,283,776	\$5,623,794

FY 2005-06 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - OUTFALL LINE
Section/Index No: 653337

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$0	\$0	\$0	N/A
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Subtotal Use of Money

\$0	\$0	\$0	N/A
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OTHER FINANCING SOURCES

4625 OT - W/in Special District - BOS	\$49,894	\$49,894	\$0	0.00%
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Subtotal Other Financing Sources

\$49,894	\$49,894	\$0	0.00%
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TOTAL REVENUES	\$49,894	\$49,894	\$0	0.00%
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EXPENDITURES:

OTHER CHARGES

7930 Interest - LT Debt	\$11,669	\$10,637	(\$1,032)	(8.84%)
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Subtotal Other Charges

\$11,669	\$10,637	(\$1,032)	(8.84%)
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ADMINISTRATIVE CONTROL ACCOUNT

9210 Advances	\$38,225	\$39,257	\$1,032	2.70%
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9219 Advances - Clearing	(38,225)	(39,257)	(1,032)	2.70%
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Subtotal Administrative Control

\$0	\$0	\$0	N/A
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TOTAL EXPENDITURES	\$11,669	\$10,637	(\$1,032)	(8.84%)
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TOTAL NET COST	(\$38,225)	(\$39,257)	(\$1,032)	2.70%
<i>(Expenditures Minus Revenues)</i>				

FY 2005-06 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Outfall Line

Character Title: Use of Money

Character No.: 653337-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. No significant cash balance is maintained in this fund. Cash transfers are made from the Operations Fund to this fund only as necessary to make annual payments due on the long term loan from the State. Accordingly, we do not recommend budgeting any interest revenue during the forthcoming year.

Character Title: Other Financing Sources

Character No.: 653337-46

4625 OT - W/in Special Dist - BOS

The revenues supporting the payments on the long term loan from the State Revolving Fund are collected in the Operations Fund. This account reflects the transfer of cash from the Operations Fund to the Outfall Line Fund to cover the annual principal and interest payment.

Character Title: Other Charges

Character No.: 653337-75

7930 Interest on LT Debt

This account reflects the interest expense on the outstanding loan from the State Revolving Fund. Payments began on this loan in July 1995 and will continue annually until July 2014. The FY 05-06 request is based on the repayment schedule prepared by the State.

Character Title: Administrative Control Account

Character No.: 653337-92

9210 Advances

This account reflects the principal payments on a long term (20 year) loan issued to the District in 1994 from the State Revolving Fund. Payments on the loan will continue until July 2014. The FY 05-06 request is based on the repayment schedule prepared by the State.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$760,992
Total FY 95-96 through FY 03-04 Principal Payments:	(293,518)
FY 04-05 Principal Payment:	<u>(38,225)</u>
Outstanding Loan Amount	\$429,249

9219 Advances - Clearing

This is the clearing account for sub-object 9210, Advances.

FY 2005-06 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sonoma Valley CSD - Outfall Line
Index No.: 653337

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	(\$29,312)	(\$29,470)	(\$26,634)
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	49,552	49,792	49,894
Expenditures - (Decrease) retained earnings	(12,628)	(11,669)	(10,637)
Net Surplus or Deficit - Increase/(Dec) to retained earnings	36,924	38,123	39,257
Adjustments to Reserves/Encumbrances:			
9210 Advances	(36,107)	(35,287)	(39,257)
Change in Due to Other Governments	(975)	-	(1,002)
Interest overcharge correction	-	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(37,082)	(35,287)	(40,259)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	(\$29,470)	(\$26,634)	(\$27,636)
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	(\$158)	\$2,836	(\$1,002)
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/03</u>	<u>7/1/04</u>	
Cash	\$20,397	\$20,239	
Due to Other Governments	(36,107)	(37,082)	
Interest Payable	(13,602)	(12,627)	
Total Beginning Retained Earnings	(\$29,312)	(\$29,470)	

FY 2005-06 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY - GLEN ELLEN BONDS

Section/Index No: 653345

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1000 Prop Taxes - CY Secured	\$17,500	\$17,500	\$0	0.00%
1020 Prop Taxes - CY Supplemental	150	150	0	0.00%
1040 Prop Taxes - CY Unsecured	400	400	0	0.00%
1060 Prop Taxes - PY Secured	0	0	0	N/A
Subtotal Taxes	\$18,050	\$18,050	\$0	0.00%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$75	\$75	\$0	0.00%
Subtotal Use of Money	\$75	\$75	\$0	0.00%
<u>INTERGOVERNMENTAL REVENUES</u>				
2440 St - HOPTR	\$0	\$0	\$0	N/A
Subtotal Intergovernmental Revenues	\$0	\$0	\$0	N/A
TOTAL REVENUES	\$18,125	\$18,125	\$0	0.00%
EXPENDITURES:				
<u>SERVICES AND SUPPLIES</u>				
6635 Fiscal Agent Fees	\$200	\$52	(\$148)	(74.00%)
Subtotal Services and Supplies	\$200	\$52	(\$148)	(74.00%)
<u>OTHER CHARGES</u>				
7920 Interest	\$7,750	\$7,250	(\$500)	(6.45%)
Subtotal Other Charges	\$7,750	\$7,250	(\$500)	(6.45%)
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$10,000	\$10,000	\$0	0.00%
9209 Ent - Principal Clearing	(10,000)	(10,000)	0	0.00%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$7,950	\$7,302	(\$648)	(8.15%)
TOTAL NET COST	(\$10,175)	(\$10,823)	(\$648)	6.37%
<i>(Expenditures Minus Revenues)</i>				



FY 2005-06 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley - Glen Ellen Bonds

Character Title: Taxes

Character No.: 653345-10

1000 Prop Taxes - CY Secured

The Auditor-Controller establishes a tax rate sufficient to accumulate tax revenues necessary to make bond payments of interest and principal. The bonds were passed to fund construction of sewage facilities.

1020 Prop Taxes - CY Supplemental

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

1040 Prop Taxes - CY Unsecured

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

1060 Prop Taxes - PY Secured

No amount is requested since no revenue has been received in this account in recent years.

Note:

The FY 05-06 bond payment amount (principal and interest) is \$17,250. To avoid major fluctuations in the tax rate from year to year, the tax amount budgeted and/or collected each year may not correspond exactly to the annual bond payment (P&I). Over or under collection in any single year (when compared to the bond payment for that year) merely increases or decreases the fund balance retained for this index. The Auditor's long term tax rate calculations are designed to ensure that debt service obligations are met, while retaining an appropriate level of fund balance, and minimizing unnecessary tax rate fluctuations.

Character Title: Use of Money

Character No.: 653345-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for this Bond Fund by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$3,000
Projected Interest Rate	2.50%
Projected/Planned Interest on Pooled Cash	\$75

Character Title: Intergovernmental Revenue

Character No.: 653345-20

2440 ST - HOPTR

This account records the receipt of State Home Owner's Property Tax Relief as allocated by the Auditor's Office. The claim is filed with the State based on the number of home owner's exemptions filed with the County. There is no planned revenue for FY 05-06

Character: **Services and Supplies**

Character No.: **653345-60**

6635 Fiscal Agent Fees

This account records the fee collected by the County Treasurer for acting as the fiscal agent.

Character: **Other Charges**

Character No.: **653345-75**

7920 Interest

This account reflects the interest expense on the outstanding general obligation bonds. The interest rate is 5%. Payments began January 1, 1977 and will continue semi-annually until July 1, 2016. The FY 05-06 request is based on the bond amortization schedule prepared at the time the bonds were sold.

Character: **Administrative Controls**

Character No.: **653345-92**

9200 Ent - Principal

This account reflects the principal expense for general obligation bonds that were issued in 1976 to finance the local share of a wastewater collection system. Payments on the bonds will continue until September 1, 2016. FY 05-06 request is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original Amount of the General Obligation Bond Issue:	\$300,000
Total FY 77-78 through FY 03-04 Principal Payments:	(146,000)
FY 04-05 Principal Payment:	(10,000)

Outstanding Bond Amount	<u>\$144,000</u>
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9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2005-06 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sonoma Valley - Glen Ellen Bonds

Section: 653345

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$4,695	\$3,786	\$3,845
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	16,341	18,009	18,125
Expenditures - (Decrease) retained earnings	(8,250)	(7,950)	(7,302)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	8,091	10,059	10,823
Adjustments to Reserves/Encumbrances:			
9200 - Enterprise Principal	(9,000)	(10,000)	(10,000)
Increase in Mature Bond Payable	-	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(9,000)	(10,000)	(10,000)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$3,786	\$3,845	\$4,668
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	(\$909)	\$59	\$823
<u>Retained Earnings Components at Beginning of FY</u>	7/1/03	7/1/04	
Cash	\$4,695	\$3,786	
Total Beginning Fund Balance	\$4,695	\$3,786	

FY 2005-06 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - 1998 REVENUE BONDS
Section/Index No: 653352

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest Income	\$500	\$7,500	\$7,000	1400.00%
1701 Interest Earned	0	0	0	N/A
Subtotal Use of Money	\$500	\$7,500	\$7,000	1400.00%
<u>ADMINISTRATIVE CONTROL</u>				
4200 Ent-LTD Proceeds	\$0	\$0	\$0	N/A
4209 Ent-LTD Proceeds - Clearing	0	0	0	N/A
Subtotal Use of Money	\$0	\$0	\$0	N/A
<u>Other Financing Sources</u>				
4625 OT - W/in Special Dist - BOS	\$1,478,793	\$1,497,734	\$18,941	1.28%
Subtotal Other Financing Sources	\$1,478,793	\$1,497,734	\$18,941	1.28%
TOTAL REVENUES	\$1,479,293	\$1,505,234	\$25,941	1.75%
EXPENDITURES:				
<u>SERVICES AND SUPPLIES</u>				
6635 Fiscal Agent Fees	\$2,015	\$2,096	\$81	4.02%
6640 Debt Issuance Costs	14,636	14,636	0	0.00%
Subtotal Services and Supplies	\$16,651	\$16,732	\$81	0.49%
<u>OTHER CHARGES</u>				
7920 Interest	\$878,793	\$854,288	(\$24,505)	(2.79%)
7923 Discount/Bonds	16,714	16,714	0	0.00%
Subtotal Other Charges	\$895,507	\$871,002	(\$24,505)	(2.74%)
<u>OTHER FINANCING USES</u>				
8625 OT - Within a Fund	\$0	\$0	\$0	N/A
Subtotal Other Financing Uses	\$0	\$0	\$0	N/A
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$600,000	\$610,000	\$10,000	1.67%
9209 Ent - Principal Clearing	(600,000)	(610,000)	(10,000)	1.67%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$912,158	\$887,734	(\$24,424)	(2.68%)
TOTAL NET COST (Expenditures Minus Revenues)	(\$567,135)	(\$617,500)	(\$50,365)	8.88%

FY 2005-06 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - 1998 Revenue Bonds

Character Title: Use of Money

Character No.: 653352-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trend:

Estimated Average Cash Balance	\$300,000
Projected Interest Rate	<u>2.50%</u>
Projected/Planned Interest on Pooled Cash	\$7,500

1701 Interest Earned

Proceeds from the 1998 Revenue Bonds are held by US Bank acting as trustee. Interest earnings on the proceeds are retained by the trustee and a corresponding adjustment is made at year end closing to recognize the earnings within this account. There is no projected interest for FY 05-06

Character Title: Other Financing Sources

Character No.: 653352-46

4625 OT - W/in Special Dist - BOS

The revenues supporting this new revenue bond will be collected in the Operations Fund. This account will be used to reflect the transfer of cash from the Operations Fund to this Revenue Bond Fund to cover the annual principal and interest payment.

Character Title: Services and Supplies

Character No.: 653352-60

6635 Fiscal Agent Fees

This account records the annual administrative fees from the trustee for the 1998 Revenue Bonds.

6640 Debt Issuance Costs

This account records the costs associated with the issuance of the 1998 Revenue Bonds. This is an annual expense that will be recognized throughout the life of the bonds. Although this is a non-cash transaction, appropriations are required to record the expense.

Character Title: Other Charges

Character No.: 653352-75

7920 Interest

This account reflects the interest expense on the Sonoma Valley 1998 Revenue Bonds per the amortization schedule prepared upon the issuance of the revenue bonds.

7923 Discount/Bonds

This account records the discount realized upon the issuance of the bonds. This will be an annual expense throughout the life of the bonds. Although this is a non-cash transaction, appropriations are required to record the expense.

Character Title: Other Financing Uses

Character No.: 653352-86

8625 OT - Within Sp Dist - BOS

This account reflects the transfer of funds to the Construction Fund to finance Capital Replacement Projects.

Character Title: Administrative Control Account

Character No.: 653352-92

9200 Ent - Principal

This account reflects the principal expense for revenue bonds issued in early FY 98-99 to finance the Sonoma Valley CSD's planned capital program. Payments began in FY 98-99 and will continue for 25 years.

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2005-06 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sonoma Valley CSD - 1998 Revenue Bonds
Index No.: 653352

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	(\$567,091)	\$116,037	\$117,404
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	2,177,852	1,482,161	1,505,234
Expenditures - (Decrease) retained earnings	(926,073)	(912,143)	(887,734)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	1,251,779	570,018	617,500
Adjustments to Reserves/Encumbrances:			
Amortized Expenses	31,349	31,349	31,350
9200 Enterprise - Principal	(575,000)	(600,000)	(610,000)
Change in Matured Bonds Payable	(25,000)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(568,651)	(568,651)	(578,650)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$116,037	\$117,404	\$156,254
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$683,128	\$1,367	\$38,850

<u>Fund Balance Components at Beginning of FY</u>	7/1/03	7/1/04
Cash	\$327,138	\$1,025,419
Cash with Trustee	1,558,111	1,558,375
Cash with Trustee Res for Debt Service	(1,496,593)	(1,496,593)
Matured Principal Payable	(575,000)	(600,000)
Interest Payable	(380,747)	(371,164)
Total Beginning Fund Balance	(\$567,091)	\$116,037